

# Fiscal Note

*Fiscal Services Division*



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**SF 2269** – School Finance, Shared Operational Functions (LSB 5731SV)  
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## **Description**

**Senate File 2269** modifies the current shared operational functions supplementary weighting provision to change the weighting structure to provide funding on a per function basis. Additionally, this Bill reduces the number of functions that are eligible to receive the incentive funding.

## **Background**

The shared operational functions provision was originally enacted in 2007 and implemented in FY 2008 through FY 2014. This provision provided supplementary weighting for superintendent management, business management, human resources, transportation, or operation and maintenance, and phased-out funding over a five-year period. During the 2013 Legislative Session, **HF 472** was enacted and created a new provision for shared operational functions, including an expansion of the eligible functions.

Based on the increased interest by school districts in the new provision and potential fiscal impact, the Department of Education established administrative rules that required district staffing levels for the specific shared function to remain at or below the staffing levels in the baseline year (designated as FY 2013 by the Department) for a district to be eligible to receive the supplementary weighting. The Administrative Rules Committee placed a session delay on the rules. However, the supplementary weighting for shared operational functions data was collected by the Department of Education based on the proposed rules. Based on this data, the current level of supplementary weighting included in the FY 2015 school aid estimate totals 4,345.19. Additionally, the current FY 2015 school aid estimate includes \$27.8 million for this provision, including \$24.4 million in State aid.

## **Assumptions**

Assumptions include:

- Changes in the provision will be implemented for FY 2015.
- Estimates are based on the Department of Education's Fall data collection and include functions that were not approved based on the Department's proposed rules.
- The amount of total weighting beginning in FY 2016 through FY 2020 is unknown, but will be at least at the FY 2015 level.
- The maximum level of weighting any district could generate totals 18.0 and the statewide funding level could total \$39.9 million if all districts are at the maximum weighting level (including \$35.0 million in State aid). The maximum funding level may increase with enactment of the State percent of growth in future fiscal years.
- In addition to impacting supplementary weighting provisions for school districts, the AEAs will have the shared operational functions supplementary weighting provision modified. Based on the new provision, funding generated from the shared operational functions provision will decrease from \$200,000 to \$30,000 for participating AEAs.
- The FY 2015 funding level changes resulting from this Bill will be compared to current estimated included in the FY 2015 school aid estimate.

### **Fiscal Impact**

Based on this Bill, the FY 2015 supplementary weighting will generate an estimated total of \$11.3 million including \$9.9 million in State aid and \$1.4 million in local property taxes. This will be a reduction in the total of \$14.6 million, including \$16.5 million in State aid and \$2.0 million in property taxes compared to the current FY 2015 school aid estimate.

The estimated impact in FY 2016 through FY 2020 is unknown, but will be at least at the level of FY 2015. Additionally, the maximum capacity funding level beginning in FY 2016 will be approximately \$39.9 million, including \$35.0 million in State aid and \$4.9 million in local property taxes.

Additionally, compared to current estimates for FY 2015, the estimated FY 2015 funding for AEAs will decrease by a total of \$510,000, including a reduction of \$403,000 in State aid and a reduction of \$107,000 in local property taxes.

### **Sources**

Iowa Department of Education  
Iowa Department of Management, School Aid file  
LSA analysis and calculations

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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